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Nonresident Withholding Tax Statement for Real Estate Sales

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Buyer or other transferee: Name, address, state and ZIP code		Social security no., California corporation no. or FEIN	Copy A TO BE FILED WITH THE FRANCHISE TAX BOARD California Withholding: If a reduced amount has been authorized, enter that amount and attach a copy of the authorization letter. CHECK ONE: <input type="checkbox"/> 3 1/2% <input type="checkbox"/> Reduced <input type="checkbox"/> 7% of boot \$ _____
Recipient: Name, address, state and ZIP code of seller or transferor	Percentage of ownership	Social security no., California corporation no. or FEIN	
Escrow company: Name, address, state and ZIP code		Address (or parcel number) of California real estate transferred	
Escrow company telephone number ()			
Date of transfer of the California real estate (close of escrow)		Sales price of the California real estate conveyed	Escrow number
Under penalties of perjury, I declare that I have examined this statement and accompanying attachments and to the best of my knowledge and belief, it is true, correct and complete.			
Signature of withholding agent, fiduciary or corporate officer		Title (if applicable)	Date
Signature and address of preparer other than withholding agent, fiduciary or corporate officer		Preparer's SSN/FEIN	Date

For Privacy Act Notice, see form FTB 1131 (individuals only).

General Information

References in these instructions are to the California Revenue and Taxation Code (R&TC).

A Purpose of Form

R&TC Section 18662(e)(1) requires the buyer (transferee) to withhold 3 1/2 percent of the sales price on the disposition of California real estate when the funds are to be disbursed either to a seller (transferor) with a last known address outside of California at the time of the transfer of the real estate, or to the financial intermediary of the seller.

In the case of a like-kind exchange as defined under Internal Revenue Code Section 1031, the accommodationator is required to withhold 7 percent of the cash or cash equivalent (boot) received by the transferor(s) or their beneficiary(ies) if such boot exceeds \$1,500. However, the amount withheld is not to exceed 3 1/2 percent of the sales price.

A buyer or transferee should use Copy A of this form to report and transmit the amount withheld. A seller should attach Copy B to their income tax return to claim a credit for withholding.

B Who Must File

A buyer or other transferee of California real estate that is required to withhold tax, must file Form 597 to report and transmit the amount withheld. If two or more persons are joint transferees, each is jointly and severally obligated to ensure that the total required amount of withholding is remitted to the Franchise Tax Board (FTB). However, the obligation of each will be met if one of the joint transferees withholds and transmits to the FTB the required amounts.

C When and Where to File

The buyer or other transferee is required to file Copy A of Form 597 and pay the amount of tax withheld within 20 days following the end of the month in which the transaction occurred.

The transferor may request the FTB to authorize no withholding or a reduced amount of withholding. To

request a reduced rate, the seller must complete and submit Form 597-A, Nonresident Withholding Waiver Request for Real Estate Sales. See Form 597-A for automatic exceptions to withholding.

If the request to authorize no withholding or a reduced amount of withholding has not been made, or the response from the FTB has not been received by the time title is transferred, the parties may direct the escrow person to hold funds for withholding in trust for 45 days. At the end of 45 days, the escrow person shall remit the standard amount or the authorized reduced amount of withholding to the FTB.

The buyer or other transferee must file Form 597 and withhold tax within the specified period regardless of whether or not the seller or transferor has a social security number, California corporation number or federal employer identification number.

If there are multiple sellers or transferors, some of whom are nonresidents of California, withholding of 3 1/2 percent is required on the **total** sales price and is to be allocated among the nonresident sellers unless a withholding waiver is granted by the FTB. Form 597 must be filed for each person subject to withholding.

Mail Copy A of Form 597, with payment to:

**FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001**

The other copies of Form 597 should be distributed as follows:

- Copy B – Send to sellers. Sellers must attach this copy to their California tax return to claim credit for withholding.
- Copy C – Send to sellers for their records.
- Copy D – Retained by withholding agent for their records.

For additional information, get FTB Pub. 1016, Nonresident Withholding — Real Estate Guidelines, or contact:

**WITHHOLD AT SOURCE UNIT
FRANCHISE TAX BOARD
Telephone (916) 845-4900**

D Interest and Penalties

The law provides for the assessment of interest on late payments of withholding. Interest is computed from the due date of the withholding to the date paid.

Failure to file Form 597 and pay the withholding within the time prescribed may make the withholding agent liable for a penalty.

Failure to withhold after notification may result in penalties for the transferee of \$500 or 10 percent of the required withholding, whichever is greater.

Failure to notify the transferee to withhold may result in penalties for the real estate escrow person of \$500 or 10 percent of the required withholding, whichever is greater.

E Credit for Withholding

Note to the Seller or Transferor:

The withholding of the tax does not relieve you from the requirement to file a California income tax return within three months and fifteen days (two months and fifteen days for a corporation) after the close of your taxable or income year.

Even if you are not required by law to file a return, you should file a return if California tax has been withheld.

You must attach the top portion of Copy B of Form 597 to the face of your California tax return. Nonresidents or part-year residents must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return; corporations must file Form 100, California Corporation Franchise or Income Tax Return; and S corporations must file Form 100S, California S Corporation Franchise or Income Tax Return. Enter the amount from Form 597 on the appropriate line of the return being used.

For information on requirements to file or to obtain forms, call 1-800-852-5711 from within the United States, or 1-916-845-6500 from outside the United States. For hearing impaired with a Telecommunications Device (TDD) call 1-800-822-6268.

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Nonresident Withholding Tax Statement for Real Estate Sales

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Buyer or other transferee: Name, address, state and ZIP code		Social security no., California corporation no. or FEIN	Copy B TO BE FILED WITH SELLER'S OR TRANSFEROR'S CALIFORNIA TAX RETURN California Withholding: If a reduced amount has been authorized, enter that amount and attach a copy of the authorization letter. CHECK ONE: <input type="checkbox"/> 3 1/4% <input type="checkbox"/> Reduced <input type="checkbox"/> 7% of boot	
Recipient: Name, address, state and ZIP code of seller or transferor	Percentage of ownership	Social security no., California corporation no. or FEIN		
Escrow company: Name, address, state and ZIP code		Address (or parcel number) of California real estate transferred		
Escrow company telephone number ()				
Date of transfer of the California real estate (close of escrow)		Sales price of the California real estate conveyed	Escrow number	
Under penalties of perjury, I declare that I have examined this statement and accompanying attachments and to the best of my knowledge and belief, it is true, correct and complete.				
Signature of withholding agent, fiduciary or corporate officer		Title (if applicable)	Date	
Signature and address of preparer other than withholding agent, fiduciary or corporate officer		Preparer's SSN/FEIN	Date	
For Privacy Act Notice, see form FTB 1131 (individuals only).				

Attach top portion to face of your California return.

✂ ————— cut here ————— ✂

Instructions for Seller or Transferor

The withholding of tax does not relieve you from the requirement to file a California income tax return within three months and fifteen days (two months and fifteen days for a corporation) after the close of your taxable or income year.

Even if you are not required by law to file a return, you should file a return if California tax has been withheld.

You must attach the top portion of Copy B of Form 597 to the face of your California tax return. Nonresident individuals must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return; corporations must file Form 100, California Corporation Franchise or Income Tax Return; and S corporations must file Form 100S, California S Corporation Franchise or Income Tax Return. Enter the amount of California withholding from Form 597 on the appropriate line of return being used.

For information on requirements to file or to obtain forms:

Call	(from within the US)	1-800-852-5711	OR	Write	TAX FORMS REQUEST UNIT
	(from outside the US)	1-916-845-6500			FRANCHISE TAX BOARD
	(for hearing impaired with TDD)	1-800-822-6268			PO BOX 307
					RANCHO CORDOVA CA 95741-0307

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Nonresident Withholding Tax Statement for Real Estate Sales

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Buyer or other transferee: Name, address, state and ZIP code		Social security no., California corporation no. or FEIN	Copy C FOR SELLER'S OR TRANSFEROR'S RECORDS California Withholding: If a reduced amount has been authorized, enter that amount and attach a copy of the authorization letter. CHECK ONE: <input type="checkbox"/> 3 1/2% <input type="checkbox"/> Reduced <input type="checkbox"/> 7% of boot \$ _____
Recipient: Name, address, state and ZIP code of seller or transferor	Percentage of ownership	Social security no., California corporation no. or FEIN	
Escrow company: Name, address, state and ZIP code		Address (or parcel number) of California real estate transferred	
Escrow company telephone number ()			
Date of transfer of the California real estate (close of escrow)		Sales price of the California real estate conveyed	Escrow number
Under penalties of perjury, I declare that I have examined this statement and accompanying attachments and to the best of my knowledge and belief, it is true, correct and complete.			
Signature of withholding agent, fiduciary or corporate officer		Title (if applicable)	Date
Signature and address of preparer other than withholding agent, fiduciary or corporate officer		Preparer's SSN/FEIN	Date

For Privacy Act Notice, see form FTB 1131 (individuals only).

General Information

References in these instructions are to the California Revenue and Taxation Code (R&TC).

A Purpose of Form

R&TC Section 18662(e)(1) requires the buyer (transferee) to withhold 3 1/2 percent of the sales price on the disposition of California real estate when the funds are to be disbursed either to a seller (transferor) with a last known address outside of California at the time of the transfer of the real estate, or to the financial intermediary of the seller.

In the case of a like-kind exchange as defined under Internal Revenue Code Section 1031, the accommodationator is required to withhold 7 percent of the cash or cash equivalent (boot) received by the transferor(s) or their beneficiary(ies) if such boot exceeds \$1,500. However, the amount withheld is not to exceed 3 1/2 percent of the sales price.

A buyer or transferee should use Copy A of this form to report and transmit the amount withheld. A seller should attach Copy B to their income tax return to claim a credit for withholding.

B Who Must File

A buyer or other transferee of California real estate that is required to withhold tax, must file Form 597 to report and transmit the amount withheld. If two or more persons are joint transferees, each is jointly and severally obligated to ensure that the total required amount of withholding is remitted to the Franchise Tax Board (FTB). However, the obligation of each will be met if one of the joint transferees withholds and transmits to the FTB the required amounts.

C When and Where to File

The buyer or other transferee is required to file Copy A of Form 597 and pay the amount of tax withheld within 20 days following the end of the month in which the transaction occurred.

The transferor may request the FTB to authorize no withholding or a reduced amount of withholding. To

request a reduced rate, the seller must complete and submit Form 597-A, Nonresident Withholding Waiver Request for Real Estate Sales. See Form 597-A for automatic exceptions to withholding.

If the request to authorize no withholding or a reduced amount of withholding has not been made, or the response from the FTB has not been received by the time title is transferred, the parties may direct the escrow person to hold funds for withholding in trust for 45 days. At the end of 45 days, the escrow person shall remit the standard amount or the authorized reduced amount of withholding to the FTB.

The buyer or other transferee must file Form 597 and withhold tax within the specified period regardless of whether or not the seller or transferor has a social security number, California corporation number or federal employer identification number.

If there are multiple sellers or transferors, some of whom are nonresidents of California, withholding of 3 1/2 percent is required on the **total** sales price and is to be allocated among the nonresident sellers unless a withholding waiver is granted by the FTB. Form 597 must be filed for each person subject to withholding.

Mail Copy A of Form 597, with payment to:

**FRANCHISE TAX BOARD
PO BOX 942867
SACRAMENTO CA 94267-0001**

The other copies of Form 597 should be distributed as follows:

- Copy B – Send to sellers. Sellers must attach this copy to their California tax return to claim credit for withholding.
- Copy C – Send to sellers for their records.
- Copy D – Retained by withholding agent for their records.

For additional information, get FTB Pub. 1016, Nonresident Withholding — Real Estate Guidelines, or contact:

**WITHHOLD AT SOURCE UNIT
FRANCHISE TAX BOARD
Telephone (916) 845-4900**

D Interest and Penalties

The law provides for the assessment of interest on late payments of withholding. Interest is computed from the due date of the withholding to the date paid.

Failure to file Form 597 and pay the withholding within the time prescribed may make the withholding agent liable for a penalty.

Failure to withhold after notification may result in penalties for the transferee of \$500 or 10 percent of the required withholding, whichever is greater.

Failure to notify the transferee to withhold may result in penalties for the real estate escrow person of \$500 or 10 percent of the required withholding, whichever is greater.

E Credit for Withholding

Note to the Seller or Transferor:

The withholding of the tax does not relieve you from the requirement to file a California income tax return within three months and fifteen days (two months and fifteen days for a corporation) after the close of your taxable or income year.

Even if you are not required by law to file a return, you should file a return if California tax has been withheld.

You must attach the top portion of Copy B of Form 597 to the face of your California tax return. Nonresidents or part-year residents must file Form 540NR, California Nonresident or Part-Year Resident Income Tax Return; corporations must file Form 100, California Corporation Franchise or Income Tax Return; and S corporations must file Form 100S, California S Corporation Franchise or Income Tax Return. Enter the amount from Form 597 on the appropriate line of the return being used.

For information on requirements to file or to obtain forms, call 1-800-852-5711 from within the United States, or 1-916-845-6500 from outside the United States. For hearing impaired with a Telecommunications Device (TDD) call 1-800-822-6268.

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Buyer or other transferee: Name, address, state and ZIP code		Social security no., California corporation no. or FEIN	Copy D FOR WITHHOLDING AGENT (BUYER OR OTHER TRANSFEREE) California Withholding: If a reduced amount has been authorized, enter that amount and attach a copy of the authorization letter. CHECK ONE: <input type="checkbox"/> 3 1/2% <input type="checkbox"/> Reduced <input type="checkbox"/> 7% of boot \$ _____
Recipient: Name, address, state and ZIP code of seller or transferor	Percentage of ownership	Social security no., California corporation no. or FEIN	
Escrow company: Name, address, state and ZIP code		Address (or parcel number) of California real estate transferred	
Escrow company telephone number ()			
Date of transfer of the California real estate (close of escrow)		Sales price of the California real estate conveyed	Escrow number
Under penalties of perjury, I declare that I have examined this statement and accompanying attachments and to the best of my knowledge and belief, it is true, correct and complete.			
Signature of withholding agent, fiduciary or corporate officer		Title (if applicable)	Date
Signature and address of preparer other than withholding agent, fiduciary or corporate officer		Preparer's SSN/FEIN	Date

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A buyer or transferee should use Copy A of this form to report and transmit the amount withheld. A seller should attach Copy B to their income tax return to claim a credit for withholding.

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C When and Where to File

The buyer or other transferee is required to file Copy A of Form 597 and pay the amount of tax withheld within 20 days following the end of the month in which the transaction occurred.

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request a reduced rate, the seller must complete and submit Form 597-A, Nonresident Withholding Waiver Request for Real Estate Sales. See Form 597-A for automatic exceptions to withholding.

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SACRAMENTO CA 94267-0001**

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E Credit for Withholding

Note to the Seller or Transferor:

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